

Message Text

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PAGE 01 CONAKR 00368 081708Z
ACTION SS-25

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FM AMEMBASSY CONAKRY
TO SECSTATE WASHDC PRIORITY 2830

S E C R E T CONAKRY 0368

EXDIS

E.O. 11652: XGDS-3
TAGS: PFOR PGOV GV UR
SUBJECT: SOVIET RECONNAISSANCE DEPLOYMENTS, PL-480 AND AMERICAN
INVESTMENTS

REF: (A) STATE 48251, (B) CONAKRY 0287

1. SUMMARY: US HAS PRESSED GOG HARD FOR A YEAR
ABOUT SOVIET RECONNAISSANCE DEPLOYMENTS; THERE IS
NO EVIDENCE THAT THIS ISSUE HAS AFFECTED GOG VIEW OF
AMERICAN PRIVATE INVESTMENT. IN FACT, PRESIDENT SEKOU
TOURE HAS REAFFIRMED INTENTION TO HONOR COMMITMENTS
WITH HALCO, UPON WHICH GOG DEPENDS ECONOMICALLY.
GOG IS SEEKING MORE PRIVATE WESTERN INVESTMENT, AND
CORRECT GOG BEHAVIOR TOWARD HALCO IS CRUCIAL CONSIDERA-
TION. ALTHOUGH GOG WILL CONTINUE VIGOROUSLY TO PRESS
ITS OWN INTERESTS WITHIN CBG, EMBASSY DOES NOT REPEAT
NOT BELIEVE MAINTENANCE OF US PRESSURE REGARDING SOVIET
DEPLOYMENTS AGAINST US FLEET JEOPARDIZES (OR IS PER-
CEIVED AS RELATED TO) HALCO. END SUMMARY.

2. REFTEL A REQUESTS EMBASSY VIEWS ON QUESTION
QUOTE IF WE PRESSED THE GOG HARD ON THE ISSUE OF THE
FLIGHTS, WOULD THE GOG RETALIATE BY ASSUMING GREATER
CONTROL OF CBG AND THUS OF HALCO'S OPERATIONS IN
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GUINEA? UNQUOTE

3. AMBASSADOR FIRST RAISED ISSUE OF SOVIET RECONNAISSANCE
DEPLOYMENTS WITH PRESIDENT SEKOU TOURE EXACTLY ONE
YEAR AGO, 7 MARCH 1976. AMBASSADOR HAS SINCE DISCUSSED
MATTER IN TWO OTHER MEETINGS WITH TOURE, IN THREE
MEETINGS WITH PRIMIN AND FONMIN, THREE TIMES WITH

MININTERIOR AND MINDEFENSE, AND IN OTHER DISCUSSIONS. ASSISTANT SECSTATE OF ACTING ASSISTANT SECSTATE FOR AFRICA HAS RAISED ISSUE WITH GUINEAN FONMIN, MINISTER OF BANKS, AND GUINEAN AMBASSADOR. FOUR NATO ALLIES (ONE AT MINISTERIAL LEVEL WITH SEKOU TOURE PERSONALLY) HAVE ECHOED US POSITION THAT GUINEA CANNOT AUTHORIZE SYSTEMATIC SOVIET DEPLOYMENTS AGAINST NATO FLEET AND STILL BE ACCEPTED AS INDEPENDENT AND NONALIGNED. US TURNED DOWN GUINEA'S REQUEST FOR ADDITIONAL FY-76 RICE UNDER PL-480 BECAUSE OF SOVIET DEPLOYMENTS; US QUICKLY GRANTED RICE WHEN TOLD DEPLOYMENTS WOULD CEASE; US SUSPENDED RICE DELIVERY WHEN DEPLOYMENTS BEGAN AGAIN. THUS, WE HAVE ALREADY PRESSED GOG HARD ON THIS ISSUE FOR A YEAR.

4. DURING THIS TIME THERE HAS NOT BEEN THE SLIGHTEST INDICATION THAT GOG WISHES TO MIX POLITICS WITH ECONOMICS OR TO RETALIATE AGAINST HALCO. QUITE THE CONTRARY. GOG HAS ACTIVELY SOUGHT MORE US PRIVATE INVESTMENT THROUGHOUT THE YEAR AND CLEARLY SEES JOINT VENTURE COMPANIES AS BEST PROSPECT FOR DEVELOPING ECONOMY. PRESIDENT TOURE SOLEMNLY ASSURED HALCO DIRECTORS IN NOVEMBER 1976 THAT GOG INTENDED TO HONOR ITS AGREEMENTS. HALCO IS THE BELLWETHER FOR OTHER POTENTIAL INVESTORS. IN CONVERSATION WITH EMBOFF IN FEBRUARY 1977, SEKOU CAMARA (WHO HAS ACTED AS GO-BETWEEN FOR EMBASSY WITH PRESIDENT TOURE AND MININTERIOR DIAKITE) VOLUNTEERED IN FORCEFUL FASHION THAT CBG OPERATIONS WERE TOTALLY SEPARATE FROM MIX OF PL-480/TU-95 BILATERAL
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PROBLEMS.

5. CBG FURNISHES THREE-FOURTHS OF FOREIGN EXCHANGE AVAILABLE TO GOG. HALCO PARTNERS COMPRISE ABOUT THE ONLY PRACTICAL MARKET FOR CBG OUTPUT. NON-AMERICAN HALCO PARTNERS ARE FROM CANADA, FRANCE, FEDERAL REPUBLIC AND ITALY, THE LAST THREE PROMINENT MEMBERS OF EC, GUINEA'S LARGEST AID DONOR. WORLD BANK, THE SECOND LARGEST SOURCE OF GUINEA'S ECONOMIC AID, SPONSORED THE CBG PROJECT AND DESIGNED ITS FINANCING PACKAGE, OF WHICH WORLD BANK ITSELF HOLDS OVER \$70 MILLION. OTHER CREDITORS ARE INFLUENTIAL PRIVATE FINANCIAL INSTITUTIONS (E.G., BANKERS TRUST, BANK AMERICA). IT WOULD BE SUICIDAL FOR GOG TO ANTAGONIZE THIS ARRAY OF INTERESTS, ESPECIALLY WHEN SOVIETS HAVE SHOWN NO REPEAT NO WILLINGNESS TO EXPAND THEIR ECONOMIC COMMITMENT. GUINEA DOES NOT REPEAT NOT WISH TO SEVER ITS TIES WITH WEST AND BECOME TOTALLY BEHOLDEN TO SOVBLOC. ON CONTRARY, GOG IS IN PROCESS BROAD EXPAN-

SION OF ECONOMIC LINKS WITH WEST. SEKOU CAMARA'S
UNSOLICITATED DENIAL OF LINKAGE BETWEEN CBG AND BILATERAL
POLITICAL DIFFERENCES, IN EMBASSY OPINION, BETRAYS
GOG'S OWN FEAR THAT GUINEAN MILITARY COLLABORATION
WITH USSR MAY HAVE DELETERIOUS IMPACT UPON WESTERN
PRIVATE INVESTMENT AND AID.

6. FACT THAT GOG STRICTLY INSULATES ITS ECONOMIC
SELF-INTERESTS SUCH AS CBG FROM POLITICAL /MILITARY
PROBLEMS DOES NOT GUARANTEE CLEAR SAILING FOR HALCO.
GOG PRESSURE TO AFRICANIZE CBG, TO INCREASE GUINEAN
CONTROL OVER KEY DECISIONS, AND TO MAXIMIZE GOG
INCOME HAS BEEN A FACTOR SINCE 1973. CURRENT ISSUES
BEFORE CBG BOARD INCLUDE PROPOSAL FOR "DOUBLE SIGNA-
TURE" WHEREBY GUINEAN VICE PRESIDENT MUST COUNTERSIGN
WITH HALCO REP ALL KEY DOCUMENTS, AND AN INGENIOUS
PROPOSAL FOR REDISTRIBUTION OF PREFERRED STOCK WHICH
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WOULD IMPROVE GOG'S EQUITY POSITION VIS-A-VIS HALCO.
WHILE GOG WILL MAINTAIN SUCH PRESSURES (AS IT DID LONG
BEFORE 7 MARCH 1976), GOG IS UNLIKELY, FOR REASONS LISTED
ABOVE, TO TAKE ACTION UNACCEPTABLE PREJUDICIAL TO
INTERESTS OF PRIVATE PARTNERS. IN ANY CASE, SUCH
MATTERS SEEM SEPARATE FROM ISSUE OF TU-95S AND
PL-480.
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